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Message Text

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R 281105Z FEB 78
FM AMEMBASSY MADRID
TO SECSTATE WASHDC 3610
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USCINCEUR VAIHINGEN GER
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C O N F I D E N T I A L SECTION 01 OF 03 MADRID 02119

E.O. 11652 GDS
TAGS: MARR, MASS, SP
SUBJECT: POLICY: U.S. ARMS TRANSFER POLICY TOWARD SPAIN

REF: (A) 77 STATE 207984 (DTG 310241Z AUG 77)
(B) 77 STATE 115244 (DTG 191929Z MAY 77)
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1. SUMMARY/RECOMMENDATIONS: WHILE I UNDERSTAND AND FULLY SHARE THE BASIC AIMS BEHIND THE ARMS TRANSFER POLICY, I BELIEVE THAT I WOULD NOT BE FULFILLING MY RESPONSI-BILITIES, AS I SEE THEM, IF I DID NOT OPENLY AND FRANKLY EXPRESS MY CONCERNS OVER THE POTENTIAL ADVERSE EFFECTS OF THE APPLICATION OF A PARTICULAR POLICY ON U.S. INTERESTS IN SPAIN. IT IS WITH THIS THOUGHT IN MIND THAT THE FOLLOWING COMMENTS ARE OFFERED.
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2. THE MISSION BELIEVES THAT THE CURRENT LOW LEVEL OF PREFERENCE FOR SPAIN UNDER U.S. ARMS TRANSFER POLICY IS INCONSISTENT WITH OUR TREATY RELATIONSHIP WITH SPAIN AND WITH OTHER IMPORTANT POLICY GOALS SUPPORTING SPANISH INTEGRATION INTO THE WESTERN COMMUNITY OF DEMOCRATIC NATIONS, STRENGTHENED

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NORTH ATLANTIC DEFENSE RELATIONSHIPS (INCLUDING SPANISH MEMBERSHIP IN NATO), GREATER FLEXIBILITY IN THE USE OF U.S. BASE FACILITIES IN SPAIN, AND STANDARDIZATION AND INTEROPERABILITY OF MILITARY MATERIEL IN THE EUROPEAN THEATER. OUR PRESENT POSTURE IS MORE LIKELY TO INCREASE LONG-TERM SPANISH DEPENDENCE FOR MILITARY IMPORTS ON FRANCE THAN ON PARTICIPANTS IN NATO'S INTEGRATED MILITARY STRUCTURE.

3. WE BELIEVE IT WOULD BE APPROPRIATE AT THIS TIME TO DEVELOP SPECIFIC GUIDANCE FOR SPAIN IN THIS FIELD. WE RECOMMEND, DURING THE LIFE OF THE TREATY AND SO LONG AS THE GOS PURSUES ITS EXPRESSED INTEREST IN A MORE POSITIVE ROLE IN WESTERN DEFENSE,

-- ALLOWING SPAIN TO ACQUIRE U.S. ARMS WHICH ARE IN THE NATO INVENTORY IN EUROPE ON TERMS SIMILAR TO THOSE GIVEN OUR ALLIES;
-- INTERPRETING MORE GENEROUSLY THE TREATY LANGUAGE PROVIDING FOR TRANSFER OF ARMS PRODUCTION TECHNOLOGY, IN PARTICULAR WHEN SPANISH REQUESTS ARE CONSISTENT WITH THE LEVEL OF U.S. COOPERATION AND CO-PRODUCTION UNDER-TAKEN WITH THE EUROPEAN MEMBERS OF NATO;

-- AN ATTEMPT AT GREATER COORDINATION OF POLICY TOWARD SPAIN IN THIS FIELD WITH SPAIN'S OTHER MAJOR
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SUPPLIERS -- ALL IN NATO -- IN THE CONTEXT OF THE ALLIES' SHARED INTEREST IN BRINGING SPAIN INTO THE ALLIANCE. END SUMMARY/RECOMMENDATIONS.

4. U.S. ARMS TRANSFER POLICY AS ENUNCIATED IN MAY 1977 (REFS B AND C) RECOGNIZED OUR TREATY RELATIONSHIP TO SPAIN, BUT NOT PUBLICLY AND THEN SEEMINGLY IN THE SPIRIT OF SETTING THE 1976 TREATY OF FRIENDSHIP AND COOPERATION AS THE CEILING OF AN OBLIGATION TO COOPERATE WITH THE SPANISH IN THIS FIELD. THE MORE DETAILED AND DEFINITIVE POLICY GUIDANCE PROVIDED AT THE END OF AUGUST (REF C) MADE NO MENTION OF SPAIN.

5. THERE HAVE BEEN MISUNDERSTANDINGS FROM THE OUTSET BETWEEN THE U.S. AND SPAIN ARISING OUT OF THE ABSENCE OF AGREED INTERPRETATIONS OF THOSE PASSAGES OF THE TREATY DEALING WITH PRICING AND DELIVERY OF MILITARY MATERIEL, LOGISTICS SUPPORT, TECHNOLOGY TRANSFER AND OTHER AIDS TO THE PRODUCTION OF DEFENSE ITEMS IN SPAIN. WHAT WAS PREVIOUSLY MANAGEABLE ON A CASE-BY-CASE BASIS IS BECOMING LESS AND LESS MANAGEABLE AS A RESULT OF THE SHARP RESTRICTION OF THE ABILITY OF

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POLICY IMPLEMENTERS TO SEEK PRACTICAL SOLUTIONS IN THESE
GREY AREAS OF TREATY INTERPRETATION.

6. FACED WITH SEVERE BUDGETARY STRINGENCIES, THE
SPANISH MILITARY LEADERSHIP IS DOUBLY FRUSTRATED BY
WHAT THEY SEE AS A LOWER LEVEL OF HELPFULNESS BY THE
U.S. ON THESE MATTERS TO DEMOCRATIC SPAIN THAN TO
ITS AUTHORITARIAN ANTECEDENT AND, MORE IMPORTANT
TO OUR OBJECTIVES HERE, AS U.S. DISINTEREST IN
LONG-TERM DEFENSE COOPERATION WITH SPAIN AS OPPOSED

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TO SHORTER TERM U.S. INTEREST IN THE BASE FACILITIES
ALONE.THEY FIND THIS INCONSISTENT WITH THE CLOSE
COOPERATION AT THE OPERATIONAL LEVEL AMONG THE SPANISH
AND U.S. NAVIES AND AIR FORCES AND WITH THE VARIOUS
INITIATIVES BEING TAKEN BY THE MISSION TO INCREASE
THE LEVEL OF TREATY-RELATED DEFENSE COOPERATION. IN
ONE WAY OR ANOTHER SPANISH OFFICIALS ECHO IN PRIVATE
WHAT A CORRESPONDENT FOR A MAJOR SPANISH DAILY NEWSPAPER
RECENTLY CONCLUDED IN ANALYZING U.S. ARMS TRANSFER
POLICY TOWARD SPAIN: "A CURIOUS ALLIANCE THIS." THIS AT-
TITUDE IS COMPLICATING OUR EFFORTS TO WIN GREATER
FLEXIBILITY IN THE USE OF BASE FACILITIES IN SPAIN AS
WELL AS GENERAL SPANISH MILITARY ATTITUDES TOWARD THE
TREATY.

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7. U.S. MANUFACTURERS HAVE BEEN LAYING THEIR OWN COMPLAINTS STRONGLY AT THE MISSION'S DOOR. WITHIN RECENT WEEKS, IN THE AIRCRAFT FIELD ALONE, REPRESENTA-
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TIVES OF GENERAL DYNAMICS (F-16), NORTHROP (F-18L), AND HUGHES ("500" HELICOPTER/TOW MISSILE) HAVE ALL BEEN TO THE EMBASSY TO COMPLAIN ABOUT BEING PLACED AT A COMPETITIVE DISADVANTAGE VIS-A-VIS EUROPEAN COMPETITORS IN A WESTERN EUROPEAN MARKET. WE HAVE MADE CLEAR TO THE MANUFACTURERS THAT THE MISSION IS ADHERING STRICTLY TO U.S. POLICIES IN THESE MATTERS.
8. IN CONNECTION WITH THE ABOVE, THE F-16 CASE IS PERHAPS WORTH SPECIAL ATTENTION, SINCE U.S. "FACILITATION" OF ITS ACQUISITION BY THE SPANISH AIR FORCE IS PROVIDED FOR IN THE TREATY. WE UNDER-STAND U.S. UNITS IN SPAIN ARE TO FLY THE F-16 IN THE EARLY 1980'S, AS ARE A NUMBER OF OUR EUROPEAN ALLIES, BUT AT THIS POINT THE SPANISH PLAN FURTHER PROCUREMENT OF FRENCH MIRAGE F-1 AIRCRAFT AND HAVE POSTPONED DECISIONS ON THE ACQUISITION OF THE F-16 OR SIMILAR U.S. AIRCRAFT. UNLESS WE ARE ABLE TO TAKE A MORE POSITIVE APPROACH IN ENCOURAGING SPAIN TO ACQUIRE A U.S. AIRCRAFT THAT IS OPERATIONALLY SUPPORTABLE AND HAS THE CAPABILITY OF MAKING A SUBSTANTIAL CONTRIBUTION TO OUR ACTIVE MUTUAL AIR DEFENSE EFFORTS NOW UNDERWAY IN SPAIN, IN WHICH WE ARE INVESTING CONSIDERABLE MONEY UNDER THE TREATY (E.G., $50 MILLION FROM USAF FOR THE COMBAT GRANDE EARLY WARNING SYSTEM), WE WILL UNDOUBTEDLY SEE FURTHER FRENCH INFLUENCE. THIS WOULD NOT BE SUPPORTIVE OF OUR OPERATIONAL DEFENSE INTERESTS IN SPAIN. IT IS OF COURSE IMPOSSIBLE TO KNOW WHAT WOULD HAVE TRANSPIRED IF A POSITIVE U.S. EFFORT HAD BEEN MADE TO ENCOURAGE THE SPANISH, AS THEY HAD EARLIER PLANNED, TO OBTAIN THE F-16 IN ROUGHLY THE SAME TIME FRAME AS OUR NATO ALLIES; BUT THAT EFFORT WAS NOT MADE, FRENCH MIRAGE F-1'S ARE BEING BOUGHT FIRST, AND THERE IS REASON TO DOUBT THAT THE SPANISH AIR FORCE WILL
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BE ABLE TO FIND THE MONEY FOR F-16 ACQUISITION IN THE MID-1980'S, WHICH IS WHAT SPANISH AIR FORCE LEADERS NOW HOPE FOR.

9. REFS D AND E OUTLINE A SERIES OF ARMS TRANSFERS

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ISSUES WITH THE SPANISH NAVY, ONE OF WHICH (CONSTRUCTION OF A SEA CONTROL SHIP) IS CRUCIAL TO THE NAVY'S MODERNIZATION EFFORT AND FACES PROBLEMS AS A RESULT OF THE TIGHTENING OF U.S. POLICY SINCE WE FIRST UNDERTOOK TO ASSIST THIS SPANISH EFFORT. OTHER EXAMPLES COULD ALSO BE CITED. TECHNICAL COOPERATION WITH SPANISH DEFENSE INDUSTRY, AND CO-PRODUCTION, LOOM AS LARGER PROBLEMS THAN THE AVAILABILITY OR NON-AVAILABILITY FOR SALE OF SPECIFIC DEFENSE ITEMS. THE SPANISH ARMED FORCES' CURRENT MODERNIZATION PROGRAM IS KEYED, AS A MATTER OF GOVERNMENT POLICY SUPPORTED BY THE POLITICAL OPPOSITION, TO RESTORING THE HEALTH OF DEPRESSED DEFENSE INDUSTRIES. AT A TIME WHEN WE ARE ENCOURAGING SUCH COOPERATION WITH OUR NATO ALLIES, AND ENCOURAGING SPANISH INTEREST IN NATO, IT IS PROVING COUNTER-PRODUCTIVE TO REJECT ALMOST OUT OF HAND SPANISH OVERTURES IN THIS FIELD.

10. ALL THREE SPANISH SERVICES ARE NOW MAKING BASIC DECISIONS ON MODERNIZATION WHICH WILL SET THE PATTERN FOR MAJOR ACQUISITIONS IN THE 1980'S AND BEYOND. THE FRENCH, ALREADY FAR AND AWAY THE MAJOR EUROPEAN ARMS SUPPLIER TO SPAIN, AND HEAVILY INVOLVED HERE IN CO-PRODUCTION VENTURES, ARE AGGRESSIVELY SEEKING TO EXPAND

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THIS RELATIONSHIP. THE FRENCH HAVE ENJOYED INCREASING SUCCESS OVER RECENT YEARS IN CUTTING INTO THE CLOSE U.S.-SPANISH ARMS SUPPLY RELATIONSHIP, WITH OTHER NATO SUPPLIERS REMAINING FAR BEHIND. AS THE SPANISH TURN MORE TO FRENCH SUPPLIERS FOR THEIR NEEDS FOR THE 1980'S AND BEYOND, THEY IN SOME MEASURE TURN AWAY FROM STANDARDIZATION WITH MEMBERS OF NATO'S INTEGRATED MILITARY STRUCTURE. THE PSYCHOLOGICAL IMPACT OF THIS SHIFT MAY BE MORE IMPORTANT, FOR IT WILL REINFORCE SPANISH INCLINATIONS TO IDENTIFY MORE CLOSELY WITH OTHER ASPECTS OF FRENCH DEFENSE POLICY. TO THE EXTENT THIS OCCURS, THE REDUCTION OF DEPENDENCE ON THE U.S. MAY MOVE SPAIN AWAY FROM ASSUMPTION OF A POSITIVE DEFENSE ROLE IN EUROPE RATHER THAN TOWARD IT.

11. THERE IS, OF COURSE, NO GUARANTEE THAT SPAIN WILL OPT FOR PARTICIPATION IN NATO, OR THAT SPAIN'S SMALL BUT AMBITIOUS ARMS INDUSTRY WILL EXERCISE ANY MORE CONFIDENTIAL

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SELF-RESTRAINT THAN IS EXERCISED ELSEWHERE IN WESTERN EUROPE, BUT THE ARGUMENT DOES NOT DEPEND ON THESE JUDGMENTS. RATHER IT IS BASED ON OUR INTEREST IN

-- MODERNIZATION OF SPANISH FORCES WHETHER OR NOT SPAIN JOINS NATO (FOR REASONS OF SPAIN'S DOMESTIC POLITICAL HEALTH AS WELL AS THE GENERAL DEFENSIVE POSTURE OF THE WEST);

-- PROMOTING IN SPAIN A SENSE AND THE FACT OF PARTNERSHIP AND SHARED RESPONSIBILITY FOR DEFENSE OF THE WEST, WHICH GOES BEYOND THE "RENTAL" OF BASE RIGHTS OF THE PAST, OR A POTENTIAL PRIMARY DEFENSE COOPERATION RELATIONSHIP WITH THE FRENCH IN THE FUTURE;

-- RETAINING ESSENTIAL BASE RIGHTS IN SPAIN AND GREATER FLEXIBILITY IN THEIR USE (DEVELOPMENTS IN THE MEDITERRANEAN SUGGEST A CONTINUING NEED FOR THESE RIGHTS AFTER THE TREATY EXPIRES IN 1981); AND

-- ENCOURAGING STANDARDIZATION AND INTEROPERABILITY OF MILITARY EQUIPMENT IN THE EUROPEAN THEATER.

12. OF THE FIVE CURRENTLY AGREED POLICY GOALS TOWARD SPAIN, TWO -- SPANISH INTEGRATION INTO THE WESTERN COMMUNITY AND A STRENGTHENED DEFENSE RELATIONSHIP -- SUPPORT A SPECIFIC TAILORED ARMS TRANSFER POLICY FOR SPAIN. THERE ARE SUBSTANTIAL REASONS TO TAILOR THAT POLICY MORE TO THE FORM OF THE TREATMENT GIVEN OUR NATO

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ALLIES IN EUROPE. WE BELIEVE THIS WOULD BE CONSISTENT
WITH THAT ASPECT OF CURRENT POLICY WHICH STATES THAT
WE WILL CONTINUE TO USE ARMS TRANSFERS TO PROMOTE
OUR OWN SECURITY AND THE SECURITY OF OUR ALLIES AND
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CLOSE FRIENDS. IT NEED NOT BE INCONSISTENT WITH THE
APPLICATION OF DISCIPLINE AND RESTRAINT TO THIS AREA
OF OUR RELATIONS WITH SPAIN.

13. I WOULD URGE THAT THE USG CAREFULLY REEXAMINE
ITS POSTURE TOWARD SPAIN WITH A VIEW TO UPGRADING SPAIN
IN OUR DEFENSE AND ARMS TRANSFER THINKING. I HAVE
NO INTEREST WHATSOEVER IN HAVING ARMS SOLD TO SPAIN
FOR THAT REASON ALONE. BUT I DO STRONGLY BELIEVE THAT
IN AN ARMS TRANSFER POLICY THERE MUST BE ROOM FOR
A GREATER RECOGNITION OF SPAIN'S SPECIAL STATUS AS
ONE OF THE VERY FEW COUNTRIES IN THE WORLD, OUTSIDE
OF THOSE WITH WHICH WE HAVE MUTUAL DEFENSE GUARANTEES,
WILLING TO PROVIDE WHAT WE REGARD AS ESSENTIAL
FACILITIES FOR OUR ARMED FORCES. STABLER

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